



C.L. "Butch" Otter, Governor  
Megan Ronk, Director

**Economic Advisory Council Meeting**  
**Thursday, October 27, 2016**  
**Idaho Department of Commerce**  
Sawtooth Conference Room, 2<sup>nd</sup> Floor  
700 W. State Street, Boise, ID 83702

**Members Present:**

Steve Meyer, *Region I*  
Robin Woods, *Region II*  
John Craner, *Region IV*  
Arlen Wittrock, *Region V*  
Mark Young, *Region VI*  
Margaret Watson, *At-Large*

**Members Absent:**

Mike Reynoldson, *Region III*

**Public Present:**

Benton Smith, *Idaho Business Review*

**Commerce Staff Present:**

Megan Ronk, *Director*  
Susan Davidson, *Business Attraction Manager*  
Dennis Porter, *Community Development Program Manager*  
Cindy Lee, *Grants and Contracts Manager*  
Eric Forsch, *Senior Business Attraction Specialist*  
Patrick Watson, *Senior Research Analyst*  
Jenny Hemly, *Business Attraction Specialist*  
Amanda Ames, *Community Development Specialist*  
Tony Tenne, *Community Development Specialist*  
Audra Fink, *Administrative Assistant*

**Call to Order & Welcome**

Chairman Arlen Wittrock called the meeting to order at 1:41 p.m.

**Community Development Block Grant Update**

**CDBG PY 2016 Allocation with 2015 Roll-Over Dollars (04/01/2016 to 03/31/2017)**

• State (2016) Allocation	\$7,561,311
(\$261,684 less than last year's allocation)	
• Admin & Tech Assistance	\$326,839
• Imminent Threat	\$300,000
• Senior / Community Center	\$453,678
• Public Facilities	\$3,240,397
• Economic Development:	\$3,240,397

2015 Roll-over = \$7,151,914 split 50:50 into PF and ED (\$3,575,957)  
\$6,624,516 needs to be committed by December 4, 2016

• Public Facilities: \$3,240,397 + \$3,575,957 =	\$6,816,354
• Economic Dev: \$3,240,397 + \$3,575,957 =	\$6,816,354

## **CDBG PY2016 Amounts & Today's Request (4/01/2016 to 3/31/2017)**

<u>Set-asides</u>	<u>Budget</u>	<u>Obligated</u>	<u>Remaining</u>
Imminent Threat	\$300,000	\$0	\$300,000
Senior/Community	\$749,956	\$749,956	\$0
Public Facilities	\$6,816,354	\$5,958,650	\$857,704
Economic Develop (jobs & downtown)	\$6,520,076	\$875,000	\$5,645,076
Totals	\$14,386,386	\$7,583,606	\$6,802,780

Note: next funding round (Jan.) will only be for jobs or imminent threat

### **RCBG (State funded) Infrastructure to Jobs Program**

- July 1, 2016 – we started with \$735,000 in the (2017) state rural initiative grant programs (RCBG & Gem). Typically split 50:50 between the two programs.
- Obligated \$74,760 in Gem fund for two projects
- One Gem project pending, requesting approx. \$20,000

### **Motion to Move to Executive Session**

Chairman Wittrock announced the Council would review the details of one application for refundable tax credit under the Idaho Reimbursement Incentive Act that has been received by the Director and submitted to this Council for review. The application contains records and information exempt from public disclosure under Idaho Code §§ 9-340D(6) and 67-4708. Chairman Wittrock entertained a motion under Idaho Code § 67-2345(1)(d) to go into executive session to review the application.

Robin Woods moved to enter into executive session. Steve Meyer seconded.

Roll call vote to move into executive session:

John Craner - Aye  
Steve Meyer - Aye  
Margie Watson – Aye  
Arlen Wittrock – Aye  
Robin Woods – Aye  
Mark Young – Aye

With all in favor of moving into executive session, the Council moved into executive session at 2:24 p.m.

### **Return to Public Session**

Chairman Wittrock noted that the Council returned to the public session at 2:50 p.m.

Chairman Wittrock indicated the Council

1. Reviewed and discussed the application submitted for refundable tax credit; and

2. Closed the Executive Session after discussions were concluded. The motion to close the Executive Session was made by Mark Young, seconded by Robin Woods.

### **Review of Tax Reimbursement Incentive for PROJECT V-VALLEY**

Chairman Wittrock entertained a motion for PROJECT V-VALLEY.

#### **Motion:**

In the matter of the application for PROJECT V-VALLEY, I move that the Council approve the application and instruct the Director to enter into an agreement with PROJECT V-VALLEY upon the following terms:

- A post-performance refundable tax credit which represents 10% of new state revenue for 5 years.
- Tax credit certificate issued post-performance upon review and verification by Commerce.
- No less than 20 new jobs, or 60% of the total annual projected new jobs, whichever is greater.
- Average annual wages must equal or exceed the county average wage of \$40,241.
- Company must maintain operations in Idaho for the term of the agreement.
- Any additional terms deemed necessary by the Director not otherwise conflicting with the above conditions, including allowance for a maximum two-year construction phase during the term of the agreement, as applicable.

The motion was made by Margie Watson, seconded by Robin Woods.

Roll call vote to approve the TRI application for PROJECT V-VALLEY:

John Craner – Aye  
Steve Meyer – Aye  
Margie Watson – Aye  
Arlen Wittrock – Aye  
Robin Woods - Aye  
Mark Young – Aye

With a unanimous vote, the Tax Reimbursement Incentive of **10% for five (5) years for Project V-VALLEY was approved.**

### **Legislative and Legal Update – Director Megan Ronk**

The Department of Commerce (Commerce) recently created a new Business Retention and Expansion (BRE) team which will be managed by Jake Reynolds and will focus on the needs of Idaho's existing companies.

Commerce is looking to fill several open positions throughout the department including adding one new employee to the BRE team.

Director Ronk discussed two pieces of legislation that were proposed for consideration in the upcoming legislative session. The first would exempt sales tax associated with the sale of conduits, storage servers, and equipment related to broadband. Commerce is currently working with the Idaho State Tax Commission to determine the fiscal impact of such an exemption.

The second piece of legislation would create a new TRI classification that would meet the needs of rural communities with a population of 5,000 or less, by allowing companies that create 10 jobs or less to be eligible for the incentive. The idea has received a great deal of support and Governor Otter has approved Commerce to move the concept forward. Commerce has a December deadline to decide whether to move forward with the legislation or not.

Megan has also proposed two budget requests: \$3 million dollars for the Idaho Opportunity Fund and an additional \$1 million dollars in Idaho Global Entrepreneurial Mission (IGEM) funds. Additionally, Megan has asked for a Commerce van to replace an older model.

The Economic Advisory Council has a vacant position in Region VII. Eligible applicants must reside in Blaine, Custer, Lemhi, Butte, or Camas County and be registered with the Democratic Party. All suggestions should be brought to Megan.

### **Community Development Block Grant Update – Dennis Porter**

#### **Public Parks – IDAPA rules**

- LMI area-wide benefit, with priority given to parks whose service area (1/2 mile) is lower income when compared to other neighborhoods of the community
- Priority to help ensure park equipment meets current equipment standards and park meets ADA compliance (bathroom, sidewalks)
- Existing parks prioritized over a new park
- Parks are not gyms, rec centers, or youth centers
- Rules have some flexibility, which is not a bad thing, but we should have some parameters in addition to the rules.

Also, we all probably define a “park” differently

#### **Suggested parameters beyond IDAPA and the CDBG program rules**

- Focused on funding – playgrounds which include equipment, ADA accessibility (bathroom, sidewalks), splash pads, pools, and courts
  - Not focused on funding play fields, irrigation systems, trails, or porticos
  - Will not fund ice rink or golf courses

#### **Parameters beyond IDAPA and the CDBG program rules**

- Focused on funding neighborhood parks, not community parks (multiple fields for soccer & softball); mini (Friendship Square); or linear parks (green belts along a river).
- Applications submitted in September, EAC will review in October.

### **Council Vote on Public Park Parameters**

To focus the CDBG public park funding on: playgrounds (including equipment), ADA accessibility, splash pads, pools, and courts. There will not be a funding focus on: play fields (softball, baseball, etc.), irrigation systems, trails, or porticos. Ice rinks and golf courses will not be funded.

**Moved by:** Margie Watson

**Seconded by:** Mark Young

**All in favor. No discussion.**

**Motion approved.**

### **Council Policy Discussion – Broadband and CDBG's possible role**

After April's meeting it was decided that the best option was to use CDBG to install empty conduit, if feasible, for downtown projects. The cities would then own the conduit and should allow for any and all ISPs access to it. This was implemented for the Kuna and Fairfield projects.

Also, questions specific to broadband for downtown applications have been added.

If the drive now is to add broadband to water and sewer projects, the council will consider the following:

- Is it just conduit for broadband or other related components (cable, router, hardware, etc.)?
- An ability to meet and ensure low-to-moderate income households connect.
- How is broadband and its infrastructure defined as a public utility?
- City or district's ability to manage a broadband system.
- Funding partners (DEQ, RD, USACE) willingness and eligibility.
- Will broadband work and cost be allowed by a bond that the voters passed that was specific for a water or sewer system?
- Paying for the increased cost and how will it be covered?
- Ensuring planning and due diligence as to where and how broadband or high speed internet should be located and serve rural areas. I'm not sure we got it right in Moscow.

Before advancing any further on broadband, the council and Department will ensure a better understanding of what the need and state's objective is. An assessment could also include what other funding options are available.

### **Council Discussion**

According to Steve, broadband internet as a residential commodity does not make sense at the current time in Idaho. However, Commerce can attempt to help Idaho's smaller communities revitalize their downtowns and obtain infrastructure advantage by installing broadband in downtowns throughout the state. Since the majority of broadband's cost lies in the installation of digging the trenches and laying the conduit, Steve believes it would make the most financial sense for cities to lay the conduit while other projects are underway and their streets are already open.

In Idaho Falls there is a company that uses microwave internet links to deliver broadband. This advance may be the future and Robin Woods mentioned laying conduit in open trenches may prove wasteful since technology continues to advance. Therefore,

Robin asked the council to consider whether the time, energy, and money they are considering putting in to the installation of conduit is truly worthwhile.

The least expensive option is above ground power poles. Steve believes this installation should be done in stages over the next five years. Bobbi-Jo Meuleman, Chief Operating Officer at Commerce, will be looking into the issue. Steve also asked Dennis to speak to his colleagues in surrounding states to find out how they have brought broadband to their smaller communities.

**Council Vote on Approval of Minutes:**

Chairman Wittrock noted that the minutes for the September 22, 2016 Economic Advisory Council (EAC) meeting had been distributed and if there were no corrections he would entertain a motion to approve the minutes as distributed.

**Moved by:** Margie Watson

**Seconded by:** Mark Young

**All in favor. No discussion.**

**Motion approved.**

**Final Thoughts**

The November and December EAC meeting will likely be combined and the date has yet to be determined.

The January 2017 in-person meeting in Boise will take place January 24 and 25.

**Motion:**

Margie Watson moved to close the meeting. Robin Woods seconded.

**All in favor. No discussion.**

**Motion approved.**

Chairman Wittrock adjourned the meeting at 4:08 p.m.